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SUMMARY RECORD OF THE 24th MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 14 May 1992, at 3 p.m.

President: Mr. BREITENSTEIN (Finland)

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The meeting was called to order at 3 p.m.

PROGRAMME IMPLEMENTATION:

(a) NATIONAL EXECUTION

(b) NATIONAL CAPACITY-BUILDING

(c) PROGRAMME MANAGEMENT ISSUES, INCLUDING DECENTRALIZATION AND THE PROGRAMME APPROACH

(d) COORDINATION

(e) EVALUATION

(agenda item 5) (DP/1992/20, 21 and 46)

PROGRAMME PLANNING:

(c) SUPPORT COSTS SUCCESSOR ARRANGEMENTS

(agenda item 6) (DP/1992/23 and Add.1)

1. Mr. EDGREN (Assistant Administrator and Director, Bureau for Programme Policy and Evaluation, UNDP) said that he would first introduce briefly the first two sub-items, national execution and national capacity-building, and then deal with coordination.

National execution and national capacity-building

2. The dominant concern running through the implementation of legislation was the issue of country specificity and national priorities. The comments of the agencies on those issues were of interest, especially since they had drawn attention to the importance of programming for global and technical mandates. The programme approach could certainly also include programmes devised jointly or intergovernmentally.

3. The new legislation and the programme guidelines which had been issued for the fifth cycle would change quite radically the way UNDP field offices worked with their government counterparts as well as the way UNDP and Governments cooperated with the specialized agencies. Council members who had taken part in field visits had testified to the experimentation and brain-wracking which was going on in the field and some had expressed concern that the search process would take longer than the Council had expected.

4. Those concerns were quite legitimate, and programme managers would be asked to monitor the introduction of the new rules and approaches with particular attention, to ensure that the guidelines and targets set at all levels of the programme were realistic and that the interpretation corresponded to the intentions of the legislation. Whereas the programme content and orientation, as reflected in country programmes, was changing rapidly, management and implementation practices would change gradually, in pace with the capability of the partners to manage the process.

5. To take one example, national execution, capacity-building and the programme approach were closely interrelated in that success in one of them was likely to be governed by the progress made in the others. National execution was a process that could not proceed any faster than the national management capacity allowed, while the programme approach could be effectively used only if there were national institutions or organizations capable of managing a programme on a sustainable basis. Where those capabilities did not exist, they had to be built up gradually in cooperation with government and agency partners. A gradual approach would, of course, inevitably lead to differences in timing between countries.

6. The guidelines, to be developed in full consultation with the specialized agencies, would be clear in their intentions but sufficiently flexible to encourage their creative application at the country level and facilitate both decentralization and collaborative coordination. The move from institution-building at government level to developing a variety of grass-roots capabilities would call for a greater use of the existing national capacity.

7. Efforts had also been made to enhance the accountability of all parties concerned in national execution. Auditing performance had improved considerably, and financial reporting and accounting arrangements had been streamlined. It was hoped that "substantive" accountability would also be improved by a greater use of the specialized agencies for the monitoring and back-stopping of nationally executed projects using TSS-2 resources.

8. In order to bring the approval procedures for nationally executed projects into line with those for agency-executed projects, the Administrator proposed (DP/1992/21, para. 61) to delegate to the resident representatives authority for the selection of national execution as the modality to be used within existing delegated approval levels.

Coordination

9. The two topics to be covered under that heading were UNDP's contribution to rendering the resident coordinator's role more effective and UNDP's function in inter-agency bodies which provided the basis for coordinating operational activities.

10. One of the main conclusions of the recent UNDP Senior Management Meeting (attended by resident representatives) was to reaffirm the importance and urgency of strengthening the role of the resident coordinator and the need for a more active approach to a stronger partnership with the specialized agencies. If UNDP was to offer a range of services responsive to the human-development circumstances of each country and to support aid coordination, a coordinated approach by the United Nations system was crucial. The role of the resident coordinator was vital to that concept at the country level.

11. UNDP's support for the resident-coordinator concept found expression in a set of objectives and activities, many of which were based on ACC principles and the legislation of the General Assembly. At the country level, the exchange of information throughout the system was proceeding satisfactorily.

Collaborative programming, harmonization of programme cycles and consultations on new programmes were being actively pursued in the work programmes of the resident coordinators, but much remained to be done as the project-by-project approach gave way to the centrality of the national programme.

12. The programme approach and capacity-building afforded crucial opportunities for UNDP to exercise its coordinating function. Complex multisectoral programmes required a variety of inputs from support to policy analysis, assistance in management and implementation, straightforward technical assistance and, of course, monitoring and evaluation. Greater efforts would have to be made to combine the technical capacities available at the country level, and that aspect had been stressed in UNDP's guidance on country programming.

13. The resident coordinator's role in support of the least developed countries (LDCs) had been significantly assisted by the round-table process and the Council would be informed in due course of the specific measures taken by UNDP to meet the needs of the LDCs.

14. Mr. TAL (Director, Planning and Coordination Office, UNDP) said that the Council had adopted a landmark decision in 1991, which set out the legislative framework for the successor arrangements to agency support costs. Guidelines, prepared jointly with the specialized agencies, had been issued simultaneously by UNDP and the agencies to their respective operational staffs early in 1992. The Guidelines gave policy guidance and set out the criteria to be applied when determining the execution and implementation arrangements for UNDP-financed programmes and projects. The various facilities for the procurement of support services from United Nations agencies and other sources were also covered.

15. A transitional period had been needed to absorb and apply the new arrangements, and field offices had been informed that a measure of flexibility would be admissible. Projects already formulated at the beginning of the year could be approved under the old arrangements and, as expected, approvals during the first quarter of the year had mainly been made under the old regime. The financial targets for approvals under the old arrangements had been achieved and indeed exceeded.

16. Concern had been expressed that the introduction of the new arrangement might have resulted in a slow-down of project approvals, but the observed slow-down was in fact in keeping with the pattern observed in the past for the first year of any programming cycle.

17. A work plan for the activities to be carried out with TSS-1 resources, formulated with the participation of Governments, agencies and UNDP, had already been submitted to the Council for its approval. The new facility was likely to increase considerably the assistance rendered by organizations of the United Nations system to the developing countries in policy-advice and programme-development areas.

18. The new arrangements would have to be carefully monitored and evaluated, but they had been enthusiastically welcomed by the practitioners in the field. The convergence of various requirements arising out of legislative and

programming initiatives, such as the start of a new programming cycle, the introduction of programming themes, the adoption of the programme approach, the promotion of national execution and renewed emphasis on national capacity-building, had imposed a considerable operational burden on UNDP field offices, agency partners and Governments. A comprehensive programme of briefings for operational staff in the field was to be held in 1992 and 1993 to explain the use and application of the new tools and facilities.

19. Mr. DEMONGEOT (United States of America) said his delegation welcomed the issue of a set of agreed Guidelines on the implementation of the Governing Council decisions on support costs and national execution and looked forward to similar guidelines on national capacity-building and the programme approach. The Guidelines reflected a unified conceptual framework, but there were still some inconsistencies which would have to be ironed out. It was important to bear in mind at all times that the original motive for support cost reform had been to strengthen technical support for the implementation of UNDP-assisted projects, regardless of the execution modalities used.

20. As work on the conceptual framework for the successor arrangements progressed, incentives for a national assumption of administrative and operational support functions were added, but the common-sense distinction between the provision of technical, administrative and operational support at the project level was still implicit in the policy framework defined by Council decision 90/26. Unfortunately, that common-sense distinction had been displaced by a new and somewhat confusing distinction between project-execution arrangements and project-implementation arrangements, a distinction that had appeared initially in Council decision 90/21 on national execution, which recognized that national execution did not imply having the capacity to implement all aspects of the project cycle.

21. It had become the practice thereafter to use the term implementation arrangements for what had previously been called execution arrangements, and UNDP had subsequently clarified that distinction by defining "project implementation" as the procurement and delivery of programme/project inputs and had equated implementation with the provision of administrative and operational services (AOS), as defined in decision 90/26 on support costs.

22. To obviate that confusion, it might be better to return to the traditional, common-sense definition of implementation as comprising the procurement and delivery of all project inputs (both national and external) and the conversion of project inputs into project outputs. The provision of administrative and operational services (AOS) on the other hand, referred only to the procurement and delivery of external project inputs.

23. The definition of implementation in the Guidelines equated that process with the procurement and delivery of external programme or project inputs. The issue was of more than merely academic interest, since the equating of programme or project implementation with the provision of administrative or operational services implied that, if a recipient country made use of an external agent to procure UNDP-financed equipment or services from abroad, it had given up responsibility for project implementation, retaining only general "ownership" and overall management of the project - a conclusion which was not only absurd but also inconsistent with the use of the term implementation by

other United Nations agencies, the multilateral banks and bilateral donors. Equating implementation with the provision of AOS was also confusing from the financial standpoint.

24. The most serious confusion, however, was between what was described as an "implementation agent providing implementation services" in the Guidelines and what decision 90/26 described as an external agent providing administrative and operational services. That confusion, too, might have serious financial consequences. His delegation thus recommended that (1) the term "implementation" be used only in its traditional sense, namely, the entire process of procuring, delivering and combining national and external programme or project inputs to produce programme and project outputs; (2) the term "provision of AOS" be used to describe the procurement and delivery of external programme or project inputs; and (3) the term "implementing agent" be replaced by the narrower term "AOS provider", which was consistent with the language of decision 90/26. The term "execution" might also be replaced by "management" in order to eliminate linguistic confusion.

25. Under the proposed definitions, any organization involved in the implementation of a project would be described as an implementation agent, for instance a national agency or an international consulting firm under contract to the national Government or to UNDP/OPS. The term "external AOS provider" would be reserved for external agents so designated by UNDP to provide administrative and operational services.

26. There was again some confusion in regard to which organizations should be "so designated by UNDP", and some of the statements on that subject were open to misinterpretation. The problem could best be resolved by the Governing Council in the following way:

(1) The Council should decide whether the designation "external AOS provider" should be given to organizations outside the United Nations system and, if so, whether it should be on a project-by-project basis or for all projects within the competence of each organization;

(2) If the Council should decide at that time that all external implementing agents were to be paid for the provision of AOS from the IPF subline, then those payments should not exceed 10 per cent of the project value, as provided for in paragraph 15 of decision 90/26.

27. Turning to the report on support cost successor arrangements (DP/1992/23), he was pleased to note that, in implementing the procedures for administering TSS-1, UNDP and the five sectoral agencies adhered to the principle of cost-sharing as spelled out in the 1990 Policy Framework decision. That meant that TSS-1 was being used not as a new facility to finance the purchase of discrete services from agencies, but rather as UNDP's share of the cost of an improved level of multisectoral technical and analytical support at the programme level, financed jointly by UNDP and the agencies.

28. He was also pleased that field offices had participated actively in the process of developing the new procedure, so that the outcome reflected country-level priorities. The sooner the planned series of workshops for

field staff could be held, the better. It would be regrettable if a lack of familiarity with and understanding of the Guidelines were to delay the implementation of the new support cost arrangements.

29. With regard to support cost payments for UNDP trust funds, a clear distinction should be made between trust funds managed by the Administrator and trust funds established by the Administrator at the request of donors, which should be charged the full costs of the administrative and operational support provided.

30. With regard to national execution (DP/1992/21), he urged UNDP to assign the highest priority to helping national Governments and institutions to build the capacity to assume full responsibility for overall project management and accountability. It was a matter of continuing concern that UNDP was placing greater emphasis on supporting recipient Government procurement of external programme and project inputs rather than on building up national capacity to manage effectively the use of all programme inputs, so as to achieve planned programme outputs and a long-term sustainable development impact.

31. The 1990 and 1991 decisions on support costs and national execution should be seen as providing a framework for strengthening the partnership between UNDP and the major sectoral agencies, in support of national capacity-building at the policy, programme-formulation and programme management levels and of greater effectiveness in programme and project implementation. The aim had always to be greater national self-reliance and the long-term sustainability of national development programmes.

32. Mr. ALOM (Observer for Bangladesh) said that, by Governing Council decision 91/27, national execution had been accepted as the sole modality for programmes funded by the United Nations system and every effort was to be made to build up the necessary national capacities. Examination of the new support cost successor arrangements, however, revealed deviations from that principle. There were three different cases to be looked at: TSS-1, TSS-2 and AOS (administrative and operational services).

33. TSS-1 (technical support services at programme level) related to the initial design and, at that level, the recipient country was not involved at all. Then there was the related subject of technical support services at the country level, including project identification, evaluation, monitoring etc. There again, the recipient Government had very little access to the decision-making process. Decisions were taken by UNDP headquarters, on the assumption that the national Government had first been consulted.

34. Next came AOS, for which the recipient Government was to be responsible and entitled to decide which organ would be the executing agency for the whole project or individual components thereof. If, however, the Government had sole responsibility and all projects were nationally owned and controlled, the Government should be involved at every stage of the project cycle. The question thus arose how Government involvement was to be ensured if TSS-1 and TSS-2 and the administrative and financial services were controlled by others and what the reporting process would be. He thus agreed with the United States representative that the definition and responsibility of the project executing agency must be very clearly specified.

35. Mr. FONDI (Italy) said that his delegation welcomed the development of the operational guidelines for the implementation of the new support costs successor arrangements. The special session of the Governing Council in February 1993 would represent an appropriate occasion to review the results of the initial period. Because of the complexity and urgency of the issue, his delegation considered that the initiatives aimed at training UNDP agency field personnel and government officials for the new system, was essential. It also set great store by the monitoring and evaluation activities of the new support cost regime, as set out in the Administrator's report (DP/1992/23, paras. 40 to 43).

36. While his delegation was reassured by the attainment of all the targets set for the transitional period, the situation must continue to be monitored with the utmost care so as to avoid undesirable disruptions of operational activities. In the meantime some very important steps had been taken towards the actual start of the reform process and rapid progress could be expected.

37. National execution and national capacity-building constituted the core of UNDP activities, whose basic goal was to help developing countries to achieve self-reliance through human development. Self-reliance meant permanent and genuine self-reliance by the national agencies and institutions, not an artificial growth of nationally executed and implemented projects, actually carried out by UNDP field offices or OPS.

38. The working paper on national capacity-building could serve as a good basis for the elaboration of guidelines to the field offices which was currently under way. The paper rightly defined capacity-building as a process aimed at detecting and overcoming constraints to a country's ability to plan and manage programmes in support of sustainable development.

39. His delegation welcomed the Administrator's decision to cover in the same document both national execution and the agency support cost guidelines, as that would help to clarify the relationship between the two issues, with particular regard to the important role which the specialized agencies were called upon to play in the implementation of nationally executed projects.

40. His delegation regarded as appropriate the authority attributed to UNDP for the final designation or approval of the executing and implementing agents, with first priority being given to national entities, including local NGOs and private businesses. It fully supported the proposed delegation of authority to resident representatives for the selection of national execution as the modality to be used as an effective step towards strategic decentralization.

41. The programme approach and the coordination issue were very closely interrelated. His delegation fully agreed that the concept of the national programme should be the keystone of the overall programme approach in the development process of an individual country. There were three different levels at which the programme approach could operate. The first was the national programme framework which, if absent, should be set up with the help of UNDP. The second was that of the programming documents of the different agencies, the UNDP country programme being the most relevant. The

Administrator should continue the initiative to improve the country programme impact by transforming it from a project-by-project into a programme-oriented document.

42. The third level should be the integrated operational response of the United Nations system to the national programme framework which would represent the actual linkage between the programme approach and the urgent need for aid coordination. That response should be prepared by the resident coordinator, in collaboration with other agencies and bodies active in the same country and with the recipient Government. Its aim should be not to set priorities but merely to coordinate the different operational responses prepared by the various United Nations actors to the priority needs of the beneficiary country as set out in its national programme.

43. In that way, duplication would be avoided; gaps would be filled and a time schedule set for the various interventions, due regard being had for bilateral activities in the same country. His delegation looked forward to the further development of the concept and the recommendations thereon which the Department of Economic and Social Development was preparing for the triennial policy review of operational activities.

44. Ms. PRADEL (Germany) said that her delegation was surprised that the Administrator's report on national execution (DP/1992/21) contained no reference to the Governing Council's 1990 request for closer cooperation among the field staff of the United Nations system in providing integrated technical and operational support to recipient countries. It would also like to know why there was no reference to the guidelines on the building of capacity for the national execution of projects and programmes, as requested by Council decision 91/27.

45. Her delegation commended the Administrator on the general thrust of the chapter on capacity-building and endorsed UNDP's intent to build national capacities and utilize relevant SPR categories for the task. That did not respond, however, to the request contained in the decision on the issue taken the previous year since it did not focus on capacity-building for national execution. The guidelines, when issued, should concentrate on the latter. Moreover, the working paper on capacity-building did not meet expectations, which were based on the repeatedly expressed promise that national execution would actually mean national execution and not UNDP/OPS execution. It was important that there should be an unambiguous definition of the roles to be played by all the partners in the national execution process, with due regard for their respective comparative advantages.

46. Her delegation, which endorsed the proposal to assign full ownership of all UNDP-financed programmes to the respective recipient Governments, assumed that such ownership would express itself inter alia in an appropriate provision of national staff and national budgeting.

47. It was reluctant to accept the proposed roles for UNDP field offices and for the Office for Project Services (OPS). UNDP did not receive voluntary contributions either to support the execution or implementation of projects, if the responsible agent was not a United Nations specialized agency, or to execute and implement projects itself. Administrative support by field

offices, as proposed by UNDP, would put too great a strain on those offices, which were run by inexperienced junior professional officers financed from budgetary resources. The role of UNDP field offices was to assist the recipient Governments in formulating their own policies and to coordinate technical cooperation.

48. Despite the unequivocal guidance by the Council on the role of OPS, the latter had become the most important executing agency for UNDP. It would be most regrettable if, in the context of the endeavour to increase national execution, OPS were to play an even more excessive role in execution and implementation. UNDP might consider putting a cap on OPS execution, particularly in the light of the proposal to re-examine the role of OPS within UNDP and within the United Nations system.

49. The arrangements for determining the executing and implementing agent during the project-design phase had to take account of country-specific factors and the requirements of the project but above all, of the existing managerial, organizational and technical capacities and comparative advantages of the various potential agents. In every case the most suitable agent must be chosen. Where the requirements could be met by national entities, those entities should be selected. If that was not so another agent would have to be selected, but with particular emphasis on eventually assigning the executing and/or implementation function to national entities.

50. Her delegation would welcome clarification on a number of points. It wondered why the document apparently excluded the specialized agencies from the execution of intercountry activities, where they might have an important role to play. Secondly, the funding source of the full-time manager to be appointed in cases of a multitude of nationally executed projects was not clear and whether he would be a government official or an outside consultant. Thirdly, it would like to know whether the cost of national execution would be fully borne by the respective Governments and how that would be ensured. Council decision 90/26 on support costs stipulated that, in cases of national execution, funds might not be used within the country programme for the cost of execution itself.

51. Her delegation supported the need for training in financial accounting and reporting so as to promote national execution; it must not be forgotten that UNDP's primary objective was to assist developing countries to build up their own capacity, not to enable them to comply with UNDP rules and procedures but to solve their development problems. Given the high rates of staff rotation in all public administrations, however, she hoped that the results would justify the resources invested.

52. Her delegation, which noted that, in 1990, 28 per cent of nationally executed projects had not been accounted for, would like to know the respective delinquency rates for agency-executed projects. It would also welcome information on when the decision of the Board of Auditors on the level of programme expenditure needed for the removal of the qualification given to UNDP financial statements could be expected.

53. In view of the complexity and innovative nature of the new executing arrangements, her delegation found it hard to understand why there had been no monitoring or evaluation of those arrangements. It placed particular emphasis on the need to develop clearly defined performance indicators for the new arrangements, to monitor implementation continuously and to evaluate such arrangements after a couple of years.

54. On the issue of decentralization, her delegation was reluctant to approve the delegation of authority to resident representatives to designate executive agents for projects under $700,000. The issue should be decided only after sufficient experience with the new modalities had been acquired.

55. As for support costs, her delegation had been surprised to learn that the Administrator had already decided to operationalize the framework for execution and implementation provided in the guidelines; such a decision seemed to prejudge any decision the Governing Council might wish to take.

56. In view of the concern expressed by the specialized agencies, her delegation would like some further information on a number of points. It wished to know, firstly, the volume of projects already approved under the new arrangements, subdivided into relevant groups of executing agencies, secondly, what the expected total 1992 and 1993 approval rates were for projects to be executed under the new system, thirdly, why the document under discussion contained no report on the utilization of TSS-2, fourthly, why no training of relevant staff had yet taken place on the new arrangement and how projects could be approved in those circumstances, fifthly, how many persons within UNDP were assigned the function of assuring the effective implementation of the new arrangements and, sixthly, whether the transitional arrangements envisaged in Council decision 91/32 would be sufficient to prevent a serious dismantling of agency capacity?

57. On the issue of currency fluctuations, her delegation agreed with the position of the Administrator.

58. In conclusion, she welcomed the proposals for monitoring and evaluation procedures and particularly the intention to set up a set of indicators in consultation with other United Nations agencies. A progress report would be welcome.

59. Mr. ELLIS (United Kingdom) said that his delegation welcomed the Administrator's report on national execution (DP/1992/21) while the working paper was helpful in defining the role of UNDP in capacity-building, the promotion of national execution and the definition of terms. Those definitions were, however, far from clear and further work on them was needed.

60. UNDP's capacity-building aims were bold but it was important that they should take account of other players in the field, notably the World Bank. Capacity-building had been notoriously difficult to achieve over the past 40 years, and he urged UNDP to consider the very real practical problems which could block progress, including lack of institutional capacity and human resources, insufficient rewards and difficulty in retaining the trust that had been built up. UNDP should demonstrate what it had achieved in capacity-building, particularly if that function was to be the centre-piece of its work.

61. On national execution, his delegation welcomed the proposed changes in the system for approving nationally executed projects, which were in line with its general views on decentralization. He noted that the possibility of increasing the current level of authority ($700,000) was being considered. The roles of the parties to the national-execution process, and indeed the definition of the process itself, needed further discussion.

62. He endorsed the comments of the representative of Germany on financial accounting and reporting, thought that some problems of implementation must still be addressed in connection with support costs and considered that the training guidelines were not adequate to allow all those who would be intimately involved in the process to feel confident in operating them.

63. The original intention had been to develop joint training for UNDP and agency staff and for national government personnel, but it appeared that some agencies, such as ILO, were beginning to develop their own programmes. It would be regrettable if an opportunity to develop a United Nations system approach to the subject had been lost, and his delegation would welcome a report on the situation.

64. His delegation noted that the paper made no mention of TSS-2. There was concern among the agencies that the approval of projects under the new TSS-2 facility had been delayed, but the Administrator had suggested that the rate of project approval was not unusual for the first year of a programme cycle. His delegation would thus like some information, including figures where available, on the approval rates for 1992, and those anticipated for 1993, as compared with previous cycles, and whether projects and programme delivery for the fifth cycle would be affected by such a slow start.

65. The most interesting aspect of the report on TSS-1 was that, although the new regime had been less than successful in its main objectives, it had helped to improve programming in several rather unexpected ways. He noted that there had been insufficient time to develop work plans, and would welcome further information on that point.

66. His delegation would have preferred a larger amount to be allocated for TSS-1 and TSS-2 and looked forward to the external review in 1994 and the possibility of adjusting those amounts. In the meantime, it would welcome any available details of TSS-1 acting successfully as a catalyst for the provision of additional funds for upstream technical assistance from other sources.

67. Discussion of the adoption of the new regime by agencies other than the original five had been more encouraging than had been expected. His delegation would support the principle of flexible arrangements for any further agencies joining the new regime.

68. Insufficient information was available on the application of the new arrangements to trust funds to make a judgement but his delegation would welcome further discussion on, for example, the likely effects of the proposal on the trust funds and the agencies.

69. His delegation supported the Administrator's proposals on currency fluctuations, which represented a fair arrangement, given the impossibility of forecasting future rates. It also supported the Administrator's proposal on the flexibility arrangements for the International Trade Centre (ITC), but hoped that no other organizations were under consideration for flexible arrangements.

70. The 1991 negotiations on the question of monitoring and evaluation had been very difficult. The issues were important and the new regime complex, so it was not surprising that a major feature of the 1991 decision had been the scope provided for a review of the new system. The Council had requested the Administrator to report on measures to ensure that execution and implementation arrangements under the new regime were satisfactory, but the paper before it did not meet that obligation. It contained a partial list of possible performance indicators and UNDP should produce a fuller list of measures to ensure the success of the new arrangements. That applied equally to the other items under discussion. It was important that the impact of UNDP in the various areas under discussion should be properly measured. In the meantime the Administrator must ensure that the 1993 and 1994 reviews were coordinated to the maximum extent possible so as to avoid duplication of work.

71. On the issue of programme approval, the Administrator's report (DP/1992/46) provided a good definition, but he wondered how acceptable it would be, to the specialized agencies, to other multilateral organizations and to the field structure of UNDP itself. He would welcome clarification as to how the proposed new upstream activities would be executed and to what extent OPS would be used in parallel with the traditional agencies. The move upstream was welcome but it would be interesting to have an idea of what proportion of UNDP's resources would henceforth be devoted to such work. The report mentioned the need to develop national programmes but that had been a notoriously difficult exercise and he would like some further indications from UNDP as to how it intended to achieve success where others had failed.

72. The programme approach raised the question of how to measure the impact of UNDP and he would welcome further clarification on that point.

73. On the issue of coordination, his delegation supported the role of resident representatives as coordinators and welcomed the progress made in that field. It would do its utmost to ensure that the United Nations system worked as a single effective unit and urged all other delegations to do likewise.

74. Mr. LUNDBORG (Observer for Sweden), speaking on behalf of the delegations of Denmark, Finland and Norway as well as his own, said that the new system of successor arrangements for agency support costs had become effective during the current year only and UNDP could not therefore be expected to be in a position as yet to provide a thorough analysis of the experience gained. The delegations of the Nordic countries wished nevertheless to stress that it was important that UNDP and the specialized agencies should implement the new system in a way commensurate with the fundamental principles underlying the Council's decision.

75. The true costs of delivering technical assistance must be identified and reimbursed. UNDP and the recipient countries should be able to weigh costs against benefits. The new system should promote cost efficiency, transparency and accountability. The best sources of competence available should be utilized. The TSS facilities provided an opportunity for agency involvement in national execution, whereby the concept of partnership would no longer result in monopoly. National execution would strengthen the capacity of the recipient countries to take a firmer hold on their own development.

76. The delegations of the Nordic countries considered it imperative to retain those long-term goals and principles when the new support cost system was implemented. They expected that the Governing Council would, at its next session, receive a report on how the new system was working.

77. The delegations of the Nordic countries could accept the Administrator's proposal on ITC's request for eligibility for flexibility payments, on the condition that it was met out of the provisions already earmarked for that purpose.

78. Mr. EL-BAI AAZI (Observer for the Libyan Arab Jamahiriya), referring to the Administrator's report (DP/1992/21), said that his delegation endorsed the guidelines for national execution but was concerned about the attitudes of some donor countries which stressed priorities not in accordance with the needs of the recipient countries. It hoped that agreement would be reached between the States concerned and the various partners in the national execution process. He stressed the need to strengthen procedures for monitoring and evaluation in accordance with criteria that would permit sound execution.

79. Mr. SUN Jie (China) said that the national-execution guidelines would have a significant impact and that his Government was prepared to join those of other Member States in an endeavour to refine them further.

80. National capacity-building was a strategic measure based on the experience acquired in development-cooperation activities with a view to ensuring improved utilization of resources and a greater impact on the development process. It represented a further elaboration of the concept of developing human resources so as to reflect the need for self-reliance and sustainable economic development.

81. National capacity-building was a generalized term for the implementation of development objectives at the national level. While efforts should be concentrated more specifically on strengthening capacity-building in respect of the implementation of UNDP-funded projects, national sources and other international sources also had an impact thereon. If UNDP wished to play its proper role, it should avoid any excessive expansion of its functions.

82. His delegation had taken note of the principles elaborated in the Guidelines for the national execution of projects. It was pleased that the possibility of designating an executing agent where there was a lack of expertise in project management was not excluded. The specialized agencies could play a positive role if they adhered to the principle of neutrality and voluntarism.

83. His own country had received five expert programming missions, but had had to spend considerable time and effort to help the foreign experts understand the sectoral and local plans and programmes. The facts showed that their comparative advantage was to be found in the formulation of the programme framework.

84. With regard to decentralization, the delegation of authority to the resident representative was an effective measure which could provide a flexible and prompt response to the changing development needs of a recipient country. It was also a means of increasing management efficiency.

85. UNDP should formulate its own policies as soon as possible and identify the responsibilities of the resident representatives, so as to enable them to exercise their monitoring, appraisal and approval functions. UNDP should also devote attention to the training of local staff.

86. It had recently recruited new staff members for the resident representatives' offices and, while they were capable, they frequently lacked an understanding of the conditions prevailing in the country to which they were assigned, which might adversely affect the quality of their work. It would therefore be advisable to develop a training programme for such staff also.

87. With regard to the successor support cost arrangements, his delegation wished to stress that a mechanism should be set up to link more closely TSS-1 and projects within the national framework. TSS-1 should be incorporated in programme and project planning with a view to improving its coordination with project activities. In annual programmes concerning TSS-1 and TSS-2, the specialized agencies should hold full consultations with the Governments concerned so as to help them develop their programmes and implement their plans.

88. As for the coordination of external assistance, whether bilateral or multilateral, the main responsibility rested, of course, with the Government, but, the resident representatives' offices and UNDP coordinators could play a more productive role in that regard. Their role should be to assist and complement the coordination departments of Governments, in accordance with the principle of placing the Government in the centre of the development process.

89. Mr. FERNANDEZ de COSSIO DOMINGUEZ (Cuba) said that his delegation supported the Administrator's desire to increase the level of national execution and agreed that national execution was closely linked to the creation of conditions and capacities that would enable the recipient countries to implement projects. Human development was fundamental in that regard and it supported all efforts along those lines.

90. His Government's experience with national execution was encouraging. In the case of the national programmes currently under way, it was intended to achieve a national execution level of more than 90 per cent.

91. His country wished to continue benefiting from the participation and assistance of the various specialized agencies which, like UNDP, played a very important role in that regard.

92. In connection with the process of decentralization, his delegation welcomed the Administrator's proposal to extend to resident representatives the authority to designate national execution modalities. It was also able to support the Administrator's recommendation regarding flexibility arrangements for the International Trade Centre (ITC).

93. Mr. MARKER (Denmark), speaking on behalf of the delegations of Finland, Norway and Sweden as well as his own, said that the Nordic countries regarded national execution involving the ownership of, responsibility for and management of programmes by national authorities as the ultimate execution modality. Much of the regulatory framework needed to introduce that modality more widely had been established by introducing the programme approach, by restraining the tendency to spread UNDP's activities over too many fields; and by clearly recognizing that UNDP's task was to strengthen national capacity.

94. Although the framework had been created, the Nordic countries had the impression that there had been conceptual misunderstandings and inadequate awareness of the Council's decisions guiding that modality. They therefore welcomed the recently introduced UNDP Guidelines on execution and implementation arrangements and hoped that they would give all parties a better understanding of the conceptual structure and its implementation.

95. Of equal importance in that connection was the successor arrangement to agency support costs, which specifically provided financing for the participation of specialized agencies in nationally executed programmes. Thus, the agencies would be able to provide a variety of technical inputs at different stages of the programme cycle, with a secured funding through the TSS arrangement.

96. The Nordic countries considered national execution to be an important mechanism for promoting self-reliance and sustainability. However, the existing national institutions must have sufficient capacity for that modality to be introduced. It was essential to stress, at the outset, that no parallel structures would be created, that national execution would be introduced only as sufficient capacity became available within the relevant authorities and institutions, and that the country itself must be prepared to assume responsibility.

97. In the case of quite a number of the least developed countries, the capacity of national institutions had not reached a point where the national-execution modality could be fully utilized. National execution should thus be introduced gradually and on a case-by-case basis, according to the capacity of the particular country and the institutions concerned.

98. To develop a realistic time schedule, a thorough analysis of the country's prospects for introducing the modalities must be an integral part of country-programme planning. The Nordic delegations thus suggested that the Administrator should include in his annual report an account of the achievements in national execution.

99. The question of accountability was closely related to such assessments. Under national execution, Governments were accountable to UNDP for both the substantive and financial aspects of execution. The combination of programme

approach and national execution opened up possibilities for a more systematic supervision of the programmes, and gave a clearer delineation of responsibilities between the implementing organization, the executing national institution, and UNDP. The necessary accounting and auditing capacity had, however, to be available locally. UNDP had been active in conducting training programmes in that area, and those efforts should be continued and further intensified.

100. Development programmes were an integral part of the individual countries' development strategies. The responsibility for the strategies and, consequently, for the programmes could not be questioned. Responsibility for the execution should logically rest with the national institutions and it was one of UNDP's major obligations to ensure that the institutions had sufficient capacity to discharge that responsibility.

101. Mr. SOUTTER (Canada) said, with regard to the issue of national execution, that his delegation generally agreed with the strategy and specific proposals contained in the Administrator's report (DP/1992/21).

102. On the subject of support cost successor arrangements, his delegation associated itself with the comments made by the representative of Sweden. Principles were important and it was essential to bear in mind, in the implementation process, the principles underlying the new support cost arrangements.

103. A number of field trips had indicated the need for reports such as the one under consideration to be widely circulated. The paper's emphasis on the importance of policy dialogue, performance indicators, capacity building and programme impact focus was most appropriate.

104. Referring to paragraph 20 of the Administrator's report, (DP/1992/21), he said that capacity-building could also be focused at the regional level and that regional institutions, regional and international non-governmental organizations and private-sector organizations should be considered, as well as United Nations institutions.

105. On the question of auditing the national execution of projects, his delegation commended UNDP on the progress made since 1987, but it would like to know what sanctions it applied in the event of non-compliance with the auditing requirements.

106. His delegation supported the decentralization proposals made by the Administrator in chapter VII of report (DP/1992/21), in particular those relating to the execution modality selection. It did not believe that the issues needed to be debated further in the Council, provided that the Administrator kept it adequately informed through his annual report of the progress made.

107. Mr. DORANI (Djibouti) said that his delegation endorsed the report on national execution (DP/1992/21) as a whole but shared some of the fears expressed by other delegations. The report referred to the generally held view that national execution should not prevent the specialized agencies from participating in the execution of programmes, a statement which could

unfortunately be taken to mean that there was some doubt concerning the management capacity of the country in question. The concept of national execution was relatively new and seemed to be interpreted differently in different countries. In his delegation's view, UNDP should, together with the donor countries, recipient countries and organizations in the United Nations system, draw up a definition of the concept.

108. As things stood, his delegation thought it advisable to proceed cautiously because the Governments of the developing countries might view the concept as an effort to marginalize and exclude them from the execution of projects and programmes. UNDP must help those countries to implement programmes and in particular to train qualified staff. In fact, various training activities organized by UNDP in several countries had had positive results.

109. In conclusion, he stressed the need to establish simple rules and procedures that would enable the developing countries to encourage national execution.

110. Mr. SHEIKH (Pakistan) said that his delegation appreciated the Administrator's efforts to promote national execution and considered that government execution of country and inter-country programmes would not only save 14 per cent of the project cost but would also facilitate self-reliance by the recipient countries.

111. The experience of national execution in some developing countries had not been positive, owing to the failure of the Government's own machinery to deal effectively with the modality of government execution and the failure of UNDP itself to assume a strong promotional role.

112. The procedures for formulating and approving government-executed projects seemed to require more thorough examination of the Government's ability to assume execution responsibilities than in the case where the project was to be executed by an agency. The procedures were more cumbersome than those for agency-executed projects, with a resulting bias in favour of the latter.

113. His delegation agreed that there should be a shift to national execution, especially where the country concerned had the necessary ability. In that respect, it would be helpful if the recipient Government were to set up a special unit to deal with government execution, while UNDP field offices should take special steps to support the Government's efforts. The UNDP office in Pakistan had been very helpful in that regard. In cooperation with UNDP his Government planned to organize a workshop in early September 1992 at Islamabad for the orientation of officers from various ministries who would assume responsibility for national execution.

114. Mr. SHOJI (Japan) said it was clear that a major objective of technical assistance was to support the capacity-building efforts of the developing countries. Unfortunately, the results of many years of technical assistance by the United Nations system had been uneven. Over the past few decades, however, several countries had made the most of such assistance and achieved remarkable progress towards sustainable development. The economic success of those countries was closely linked to their national level of achievement in capacity-building.

115. According to the working paper, approximately US$ 3 billion was currently being spent in Africa in the form of technical assistance but with limited effects. In that regard, it was appropriate to recall that, like foreign assistance in general, technical assistance was intended to support the efforts of developing countries and could not by itself produce the desired results. Capacity-building required much more than external inputs. In that connection, his delegation noted with interest that the paper in question identified as reasons for past failures the absence of an enabling environment for sustainable development and the insufficient attention given to policy capacity.

116. It was also very important to develop a framework in which aggregate external resources made available through various channels could be better coordinated and used in such a way as to produce mutually reinforcing results.

117. There was a need for a broad policy dialogue between Governments and development partners, through which a holistic national capacity-building strategy must be forged. In that regard, his delegation endorsed the role of UNDP in helping Governments to formulate strategies and programmes of a sectoral or multisectoral nature, by identifying key capacities and assessing major constraints. Other major development partners should be fully involved in those activities and requested to share the burden.

118. The report of the Administrator on the programme approach (DP/1992/46) and especially the Consolidated Report on the Santiago and Geneva Workshop on the Programme Approach provided a useful account of UNDP's intentions. The programme approach would clearly require major changes in the way in which technical assistance was provided by UNDP, by United Nations agencies and, to a certain extent, by other donors but, while it was a step in the right direction, further clarification was needed on issues such as the role of other United Nations agencies, OPS and other donors, as well as on the modalities and efficiency of programme evaluation.

119. United Nations agencies should be invited by Governments to contribute to the formulation of national development plans, strategies and programmes, and should help to provide technical support and monitoring in their spheres of competence. They also had a role to play in project execution and implementation, and, while relevant national entities should be given priority as executing and implementing organs, the participation of United Nations agencies at those levels should not be impeded without good reason.

120. In that connection his delegation wondered whether OPS execution and implementation would increase as a result of a multisectoral programme approach. The multisectoral nature of projects and programmes should not automatically imply the use of OPS instead of the specialized agencies.

121. Participation of United Nations agencies in the programme approach should not be limited to UNDP-financed programmes. Other agencies, including the multilateral financial institutions, should be encouraged to participate using their own resources. Joint programming exercises by UNDP and other agencies should also be encouraged. To that end, in-depth consultations should be held between UNDP and the agencies concerned so as to ensure a common programming concept and approach.

122. Further clarification as to how UNDP intended to involve bilateral donors in the programme approach was also needed. Under the existing system, it would be very difficult for a financial commitment to be made to national programmes of only a few years' duration, and he wondered whether the successful implementation of the programme approach required changes in those areas.

123. The reports indicated only the merits of evaluation and monitoring and the difficulties involved, without mentioning how UNDP intended to overcome such difficulties and ensure that the resources used under the programme approach were properly accounted for.

124. While the programme approach as described in the reports had sufficient merit to warrant implementation on a trial basis, it would need to be refined in the course of implementation in the light of experience and dialogue with development partners and of country-specific situations. It was particularly important to pursue consultations with the international financial organizations involved in upstream activities, in order to reach a common understanding on burden-sharing. The programme approach should, for all those reasons, be kept under constant review by the Governing Council.

125. Mr. JASINSKI (Poland) said that, when considering the compatibility of technical-cooperation capacities at the country level, and the role of the UNDP field office as a means of ensuring greater coherence of those capacities, some thought should be given to the different institutional systems used by the various partners involved. Within the United Nations system, UNDP field offices operated according to the systems developed for technical cooperation purposes over the years. They could rely on manuals and they had the support of professional and general-service staff and, generally speaking, a full administrative backup.

126. Many national and non-governmental offices had severe problems in those areas which needed to be addressed, and he wondered whether field-office organization schemes and other techniques could be made available to interested local institutions on a broader basis. The transfer of that kind of knowledge, in which UNDP undoubtedly had much experience, would be extremely valuable, particularly for the emerging institutions in newly independent countries and those whose economic and social systems were undergoing a major transition. No additional expenditure would be involved and the impact would be immeasurable.

127. Ms. POLLACK (United States of America) said that her delegation had recently learned that one of the problems most commonly encountered by UNDP resident representatives was a lack of coordination with other agencies and donors. UNDP and UNICEF in particular had different definitions of the term "national execution". The United States delegation at the UNICEF Executive Board thus intended to place special emphasis on the need for closer cooperation with its partners in the United Nations system.

128. In the context of the Secretary-General's efforts to improve the efficiency of the United Nations system, UNDP was required to work with other United Nations agencies to set a tone that would encourage and reward coordination at the field level. Furthermore, a broadening of the selection

process for resident coordinators and joint and collaborative programmes of United Nations development assistance at the country level, with each participant having clearly defined responsibilities, were the key to improving coordination.

129. Effective use of the new arrangements for agency support costs and special programme resources for the more effective notification of the available technical expertise of the major agencies within the United Nations system would also be important. The sharing of common premises and services by United Nations field offices should be accelerated: the JCGP could move more rapidly and make far greater efforts in that direction.

130. Improvement was needed not only in project coordination but also with respect to the development of sectoral and subsectoral programmes. An important aspect of improved coordination related to national capacity-building. The host Governments themselves should eventually become the most effective coordinators of their development programmes. Assisting Governments to acquire such coordinating capacity was an important role for UNDP, and the programme approach should facilitate that process.

131. An effective mechanism for any form of coordination was one which allowed recipient Governments, agencies and donors to consult regularly on key issues, harmonize differences of view, devise coherent problem-solving strategies and undertake sufficient follow-up to implement decisions. UNDP's round tables, if properly designed and implemented, could fulfil that function.

132. To be consistently effective, the round tables needed to be properly prepared, scheduled and publicized well in advance; costs and attendance estimates needed to be reasonably accurate with respect to participation by the host country and by donors, and, once started, they should be held in a predictable cycle. If meetings had to be postponed or cancelled, the reasons should be made clear.

133. UNDP's coordinating role was especially important, and its coordinating capacities were being tested and stretched by current world circumstances. It was particularly important in special circumstances and emergency situations, such as prevailed in El Salvador, Cambodia, Afghanistan, in countries beset by drought, and in the newly independent States.

134. As a contribution to the current discussion on restructuring within the United Nations system, the Administrator might usefully present an analysis in his next annual report, together with conclusions based on experience, which could be used to guide future efforts in the area of coordination.

135. Ms. FEROUKHI (Algeria) said that the programme approach required a high level of coordination of activities and a fairly high level of investment, which UNDP would have to help mobilize. In Algeria, particularly in the social and economic sectors, it was currently difficult to coordinate activities to the degree required by the programme approach. Care should therefore be taken to avoid uniformity or institutionalization in the programme approach and to promote flexibility instead. It might be more advantageous to promote the programme approach wherever possible, and to use the project approach in places where economic reform was incomplete.

136. Mr. MATSVAYI (Zimbabwe) said that in the past, Governments had been a training ground for the more competitive private sector and had often found themselves short of skilled manpower to implement projects or programmes. Capacity-building would, however, provide a test of commitment by both private and public sectors.

137. National execution should result in more resources going into the project than when outside personnel were used. The decentralization process of the field offices was a welcome step since it would quicken the decision-making process. The employment of nationals at the more senior managerial levels was also welcome, as it would ensure greater openness and appreciation of the projects or programmes in the country concerned, and would contribute better insight into government thinking: those who understood local systems and culture were likely to produce better answers and quicker results.

138. Mr. SUN Jie (China) said that, as China was the first country to implement a programme approach, the Council might wish to hear about its experience. Its first programme had been implemented in 1991 in the light of the requests to Governments in General Assembly resolution 44/211. In that connection, his delegation endorsed the understanding expressed in the report on programme implementation (DP/1992/46) that programmes should be considered as national, and not UNDP, programmes and were a means of achieving national objectives. It followed from that understanding that Governments would have exclusive authority to identify programmes and projects under the programme approach system, and would be given external support and advice on request.

139. Integrated national programme frameworks setting out cooperation requirements from the United Nations system should, therefore, be based on national requirements, the amount of resources available through the United Nations system, the possibilities of channelling funds from other sources, and the feasibility of coordinating both resources and development-cooperation activities. An all-embracing integrated national development programme framework, involving a large input of financial and human resources might be over-ambitious in terms of its assistance capability.

140. On the other hand, efforts designed to maximize the impact of assistance and support national objectives, programmes and priorities either directly or indirectly would meet the requirements of the programme approach. That approach should therefore be considered as being the one which was most responsive and flexible within the framework of national development programmes. A fixed modality would not solve the widely diversified development issues to be found in the many recipient countries with their distinctive historical and cultural backgrounds.

141. Furthermore, the delivery of existing country programmes should in no way be affected by implementing the programme approach on a trial basis. Adequate allowance should be made for proper identification of any difficulties which might arise at the project-unit level, programme level, field-office, agency and headquarters levels, and for resolving those problems.

142. Although China had decided to implement the programme approach on a trial basis, it believed that traditional modalities should be allowed to coexist with other modalities, all of which should be assessed in terms of their contribution to the attainment of development objectives.

143. On the basis of its experience, therefore, his Government recommended that, while testing out the programme approach, Governments should not neglect the review and approval of projects submitted in recent years, nor the normal order of their operational activities. Work efficiency was also important. In China's previous country programmes, the time taken between project identification and approval had averaged one-and-a-half years. Since the adoption of the programme approach, the time had increased to over two years.

144. His Government had submitted five programmes to UNDP headquarters in the programme-approach form. Preparations for those programmes had started in 1989, but only one had so far been approved. The programme approach also involved higher capital costs. In the past, basic completion of the formulation of a project costing some US$ 6 million had required four to five man-months of consultancy work. The cost of that work had increased by between 50 to 100 per cent, not counting the increased cost of both financial and human resources on the part of UNDP's field office, its government counterpart, relevant line ministries, integrated departments, research institutes and project units. Delayed approval incurred further capital losses.

145. Furthermore, the lack of corresponding regulations posed considerable difficulties. Programmes which had already been carefully scrutinized by many international and national experts and had involved the participation of the field office from beginning to end were finally submitted to headquarters. At that stage it should be possible for the review and approval procedures to be simplified so that, once the programme framework had been approved, the field office was authorized to approve all the projects contained in the programme. UNDP's Beijing office had a highly competent staff to look after the very large country programme. Nevertheless, its resident representative project approval level stood at US$ 700,000 only. It was important to bear in mind that it was the field office, and not headquarters, which had acquired a better understanding of the situation in the recipient country.

146. His delegation expressed the hope that UNDP would take the necessary steps to study and address the problems described. His Government intended to cooperate closely with UNDP by drawing upon its experience to explore and improve the various methods and practices proposed, including the programme approach.

147. Mr. ROHNER (Switzerland) said that UNDP's main focus should remain national capacity-building. Furthermore, the objectives and content of a project should be the criteria on which any project execution decision was based. His delegation was very doubtful whether some of the tendencies seen in building parallel structures for the execution of national programmes would result either in sustainability of UNDP's activities or its eventual aim of self-reliance.

148. The programme approach had been introduced as a new topic, but a former resident representative maintained that it had been in use for years. The project versus programme argument was too academic: projects could fit into programmes, and programmes constructed by outsiders might not be sustainable at all. Each situation had to be assessed on its own merits and programmes judged in terms of their sustainability.

149. The programme approach certainly provided an opportunity for UNDP to focus its activities more precisely to integrate them better into national programmes and to coordinate them better with other outside inputs. It was not without risks, however. If objectives were not clearly defined and programmes were too loosely structured, it would result in the same ad hoc gap-filling exercise so strongly criticized in the past.

150. The comments made by the representatives of Algeria and China were extremely relevant. It was essential that the new approach should be tested on a step-by-step basis, closely monitored and regularly evaluated to ensure that the risks did not outweigh the results.

The meeting rose at 6 p.m.